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Contact: Oversight and Government Reform Press Office, (202) 225-5051

Chairman Towns, Cummings Request GAO Investigation of AIG's Federal Financial Assistance

Washington, DC – Chairman Edolphus “Ed” Towns (D-NY) and U.S. Representative Elijah Cummings (D-MD) today requested that the Government Accountability Office (GAO) launch a broad investigation into the Federal financial assistance provided to American International Group (AIG). Chairman Towns and Rep. Cummings made the request in a letter to the GAO Acting Comptroller General Gene Dodaro.

“We believe that such a review would be an important complement to investigations conducted by the House Oversight and Government Reform Committee and the Special Inspector General for the Troubled Assets Relief Program (SIGTARP),” wrote Chairman Towns and Rep. Cummings. Therefore, we request that the GAO undertake a full review of all aspects of federal assistance – whether through the Federal Reserve, the U.S. Department of the Treasury, or any other public entity – provided to AIG from 2007 to the present.”

Chairman Towns and Rep. Cummings requested that GAO review all aspects of Federal assistance provided to AIG from 2007 to the present by the Federal Reserve, U.S. Treasury Department or any other government entity. Specifically, Towns and Cummings asked that the review include an examination of payments by AIG to counterparties of credit default swap contracts; who made the decision to pay the counterparties in full; and, what steps were taken to prevent a full public disclosure of the counterparty payments.

“The GAO has already published helpful and insightful studies of AIG and the federal assistance extended to the firm,” said Rep. Cummings. “I hope that they can incorporate this foundational knowledge to create a comprehensive review of the government’s intervention into and interaction with AIG. Through this request, I ask not only what happened, but also, why?”

In addition, Chairman Towns and Rep. Cummings requested details of the decision not to allow AIG to file for bankruptcy and the lessons learned from AIG’s rescue. Earlier this week, Ben Bernanke, Chairman of the Federal Reserve Board of Governors, indicated that he would

provide all records and personnel necessary for a GAO review.

“I welcome Chairman Bernanke's decision. The American people need to better understand the Federal government's rescue of AIG,” added Chairman Towns.

Chairman Towns recently scheduled a House Committee on Oversight and Government Reform hearing entitled “Factors Affecting Efforts to Limit Payments to AIG Counterparties.” The hearing will examine the collapse and federal rescue of AIG, in particular the compensation of AIG credit default swap counterparties on Wednesday, January 27, 2010. Text of the letter to the Acting Comptroller General Gene Dodaro is below.

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Documents and Links

[Letter from Chairman Towns and Rep. Cummings to Acting Comptroller General Gene Dodaro](#)